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Fuels Agency's Funds Slashed In House Vote

U.S. Synthetic Fuels Corp., Despite Latest Setback, Still Has Allies in Senate

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WASHINGTON—The House, in a step toward abolishing the U.S. Synthetic Fuels Corp., voted to strip the agency of virtually all its remaining spending authority.

The vote occurred as senior congressional negotiators narrowed differences on the fiscal 1986 budget, and sources were optimistic that an agreement could be presented to the House-Senate conference today.

In a long list of domestic programs, ranging from rural housing to Urban Development Action Grants, the Senate conferees tentatively agreed to move substantially toward the House's latest package. Senate demands for \$14 billion in Medicare benefit savings over the next three fiscal years were opposed by House Democrats, who have already agreed to almost \$10 billion in cuts.

In addition, the Senate negotiators asked for \$8.4 billion in additional deficit reductions from Medicare, to be obtained by expanding program coverage for state and local government employees, thus increasing receipts.

There was the potential for trade-offs between defense and Medicare spending. Sources indicated late last night that House negotiators had accepted the Senate's \$302.5 billion figure for military spending in fiscal 1986, or more than \$4 billion above the House's latest offer.

The Senate still was asking for concessions on Medicare, Medicaid and some housing programs, but the difference over Medicare, the biggest stumbling block, had narrowed.

On the Synfuels vote, the 312-111 roll call dramatized the erosion of support for the corporation over recent years. Although the agency still has influential allies in the Senate, the House vote appears to presage a move soon to abolish the corporation.

Budget pressures and declining oil prices, which have weakened the marketing outlook for synthetic fuels, have compounded the problems brought on by controversy surrounding the corporation's administration.

Dingell Helped Lead Fight

House Energy and Commerce Committee Chairman John Dingell, who was prominent last year in an effort salvaging funds for the synfuels agency, this time helped to lead the fight against the corporation.

Last night's vote would rescind an estimated \$6.6 billion previously appropriated to the agency, and another \$500 million would be frozen in expectation that it will be transferred eventually to a new synthetic-fuels program within the Energy Department.

The amendment was attached to a fiscal 1986 appropriations bill for the Interior Department and related agencies. While not effective until the fiscal year begins Oct. 1, it casts a cloud on any obligations the corporation may undertake in the next two months.

Omnibus Spending Bill Approved

The action came as the House gave final approval to a \$13.02 billion omnibus spending bill that incorporates aid to Nicaraguan guerrillas and Mideast nations with limited funding for water projects sought by influential congressmen. The spending bill represents the final chapter on fiscal 1985 appropriations.

The key vote on the omnibus spending bill yesterday came on a 258-170 roll call that rejected an agreement negotiated last week between powerful members of the House and Senate appropriations committees and substituted language preventing any new construction on 41 water projects until related authorizing legislation is enacted.

Regional Split Accented Fight

This regional split accented the fight between powerful members of Appropriations and the leadership of the House Public Works Committee, which has a greater number of members from the Northeast. The dispute between the two committees also reflects policy questions over the priority given to such urban concerns as aging municipal water systems.

As the authorizing committee for water projects, the public works panel fears that it will lose leverage by allowing construction to proceed on any water projects until its legislative agenda is enacted.

The \$13.02 billion total for the omnibus spending bill is \$1 billion below previous estimates because of adjustments to offset \$1 billion in emergency funding forwarded last month to the Commodity Credit Corp.

Among the foreign-policy provisions, the \$2.25 billion Mideast package consists of \$1.5 billion for Israel over the next two years; \$500 million for Egypt, and \$250 million for Jordan.

Compared with these totals, the \$27 million for Nicaraguan guerrillas is relatively small, but it provoked heated controversy because of the issue of the Central Intelligence Agency's past involvement in funding and training the anti-Sandinista insurgents.

None of the funds can be used for arms and munitions, and the CIA is prohibited from administering the delivery of what are largely economic and logistical supplies. However, "interdepartmental consultation"—including the CIA—is permitted.

The State Department is the most likely conduit, though no final decision has been announced by the administration.